

**DATE:** April 28, 2011

**TO:** CVRC Board of Directors

**VIA:** Gary Halbert, Chief Executive Officer *(Signature) for G.H.*

**FROM:** Maria Kachadoorian, Chief Financial Officer

**SUBJECT:** Second Supplemental Educational Revenue Augmentation Fund (SERAF) Payment

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**EXECUTIVE SUMMARY**

Assembly Bill ABX4-26 of 2009 required redevelopment agencies to remit a prescribed share of a cumulative contribution to the Supplemental Educational Revenue Augmentation Fund (SERAF) over two years. In 2010, the Redevelopment Agency approved and submitted the first payment of \$4,160,694 in May 2010. The current calculation issued by the County of San Diego (County) requires that the Chula Vista Redevelopment Agency submit a payment of \$856,613 for 2011. The Redevelopment Agency does not have sufficient funds in the Redevelopment Fund to make the second SERAF payment. Therefore, staff is recommending that the Agency borrow \$856,613 from the Low and Moderate Income Housing Fund to make the second SERAF payment.

**RECOMMENDATION:**

Adopt the resolution recommending that the Chula Vista Redevelopment Agency appropriate and submit the second SERAF payment in the amount of \$856,613.

**DISCUSSION:**

On July 24, 2009, the California State Legislature approved a 30-bill package that included ABX4-26 requiring redevelopment agencies to remit to their county SERAF a proportionate share of \$1.7 billion for fiscal year 2009-10 and \$350 million for fiscal year 2010-11 for a total take of \$2.05 billion. The County of San Diego (County) calculation

required a total payment of \$5,017,307 from the Chula Vista Redevelopment Agency. The first payment of \$4,160,694 was submitted in May 2010. The second payment is due May 10, 2011, in the amount of \$856,613.

The bill also authorized redevelopment agencies to suspend or borrow all or part of its required allocation to the Low and Moderate Income Housing Fund from property tax increment revenues that are allocated to the agency in order to make the payment with provisions to repay by June 30, 2015.

**Low and Moderate Income Housing Fund Loan**

State regulations allow agencies to borrow up to 50% of the current year revenues from available Low and Moderate Income Housing Funds in order to make the SERAF payment. The Redevelopment Agency does not have sufficient funds in the Redevelopment Fund to make the second SERAF payment. However, there are sufficient funds in the Low and Moderate Income Housing Fund. Staff is recommending that the Agency borrow \$856,613 from the Low and Moderate Income Housing Fund to make the second SERAF payment. In accordance with standard practice, this loan will accrue interest at the interest pool rate. Loan repayments will be budgeted through the normal budget process, based on available revenue. This loan must be repaid within five years.

**DECISION MAKER CONFLICTS:**

Staff has reviewed the property holdings of the CVRC Members and has found no conflict.

**PREPARED BY:** *Diem Do, Senior Project Coordinator*

CVRC RESOLUTION NO. 2011-\_\_\_\_\_

RESOLUTION OF THE CHULA VISTA REDEVELOPMENT CORPORATION (A) RECOMMENDING THAT THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA APPROVE AN INTERFUND LOAN OF \$856,613 MILLION FROM THE LOW AND MODERATE INCOME HOUSING FUND TO THE REDEVELOPMENT FUND FOR THE STATE REQUIRED SERAF PAYMENT; AND (B) RECOMMENDING THAT THE REDEVELOPMENT AGENCY OF THE CITY OF CHULA VISTA APPROVE NECESSARY BUDGET ADJUSTMENTS TO APPROPRIATE THE INTERFUND LOAN OF \$856, 613.

WHEREAS, Assembly Bill ABX4-26 of 2009 amended Sections 33334.2 and 33633 of the Health and Safety Code (H&S) requiring redevelopment agencies to remit an additional prescribed share to the Supplemental Educational Revenue Augmentation Fund (SERAF); and

WHEREAS, Assembly Bill ABX4-26 of 2009 added Sections 33020.5, 33331.5, 33690, 33690.5, 33691 and 33692 to the Health and Safety Code (H&S) allowing agencies various options regarding the SERAF payment; and

WHEREAS, the Redevelopment Agency of the City of Chula Vista (the Agency) submitted its first payment of its prescribed SERAF share of \$4.1 million in May 2010; and

WHEREAS, the Redevelopment Agency of the City of Chula Vista (the Agency) is required to submit a second payment of its prescribed SERAF share of \$856,613 by May 10, 2011; and

WHEREAS, state regulations allow agencies to borrow from the Low and Moderate Income Housing Fund in order to make the SERAF payment; and

WHEREAS, the Agency has insufficient funds in the Redevelopment Fund to make the SERAF payment and must borrow from the Low and Moderate Income Housing Fund; and

WHEREAS, the funds borrowed from the Low and Moderate Income Housing Fund will be repaid within 5 years from the date the funds are remitted to the County Auditor.

NOW, THEREFORE, BE IT RESOLVED, that the Chula Vista Redevelopment Corporation recommends that the Redevelopment Agency of the City of Chula Vista approve as follows:

(A) An interfund loan of \$856,613 from the Low and Moderate Income Housing Fund to the Redevelopment Fund for the state required SERAF payment in the amount of \$856,613; and

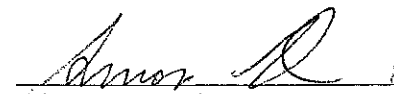
(B) An amendment to the FY 2010 Redevelopment Agency and Housing Authority budgets to appropriate the interfund loan and SERAF payment of \$856,613.

Presented by:

Approved as to form by:

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Gary Halbert, P.E., AICP  
Chief Executive Officer



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Glen R. Googins  
General Counsel